

# The Management Of Structural Funds For The Energy Sector In Romania

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**Abstract:** As tools through which the European Commission acts to eliminate economic and social disparities between regions, the structural and Cohesion Funds (SCF) are designed to achieve economic and social cohesion with other Member countries of the European Union, having thus a vital importance for each country. Although we are already in the period of post-accession financial allocation, Romania still faces difficulties in the process of absorption of EU funds. At this point, the needs of modernization and infrastructure development are becoming more and more acute, making mandatory the absorption of structural funds. However, we are already close to the middle of the period 2014-2020 financial allocation and the majority of funding have just launched the call for proposals. The national energy system, like all infrastructure systems in our country, has an acute need for financing, especially as regards the technological modernization of transport and energy production. Our country needs an integrated strategy on economic absorption in interinstitutional levels but especially increasing the prevention capacity of the system that will help to avoid financial corrections and projects. Among the measures to be taken at the governmental level in order to improve the absorption of European funds include the simplification of working models, calls for projects and efficient organization of staff. This paper objective is to analyse the effects and efficiency of the policy of the structural funds in the field of energy and to identify measures needed to increase its capacity to absorb these funds.

**Keywords:** *structural funds, energy sector, absorption of European funds, modernization, infrastructure development*

**JEL Classification:** *G23, Q48, P18*

## 1. Introduction

With regard to structural funding, the priority sectors for absorbing European funds are the infrastructure and transport, regional development, development of administrative capacity, human resource development and economic competitiveness, agriculture and fishing. The main Community funding mechanisms are the Cohesion Fund, the European Social Fund and European Regional Development Fund.

The structural funds have contributed to achieving economic and social cohesion since the establishment of European coal and Steel Community[1]. The Treaty establishing the European Economic Community (EEC), signed on 25 March 1957, included, in addition to the Elimination of customs duties between Member States and establishing a common customs tariff for imports, the introduction of a common agricultural policy and a policy in the transport sector, and also the establishment of a European Investment Banks. Thus, the European Social Fund and the European Fund for agriculture guidance and guarantee have been set up. After joining the community of Great Britain, Ireland and Denmark, created the European Regional Development Fund, the first time in the history of the European Union when he stressed the importance of the concept of redistribution between rich areas and poor areas.

Between the years of 1986 și 1987 emerged the concept of economic and social cohesion, in order to support the latest incoming States (Spain and Portugal) to integrate into the single market. In 1988 the financial allocations for the structural funds have doubled and the least developed countries in the Union have drawn, over the course of nine years, about 154 billion ECU. The revolution

of the system arose in 1989, when it was introduced the principle of multi-annual programming, establishment of system of partnerships between Member States and the prioritization of funding objectives. In 1992, the budgets for disadvantaged regions have doubled, and in 1993 the "Cohesion" has become a priority objective for the Union.

In the early 1990s, following the fall of the former Soviet bloc, the European Council discussed the enlargement of the European Union in Central and Eastern Europe. To this end, the candidate countries have concluded the association agreements with the EU. Romania has signed the Association Agreement on 1 February 1993, ratified by law No. 20/1993, the following general principles: creating the institutional framework for conducting an intensive political dialogue; supporting the efforts of Romania on the path of market economy development and strengthening of democracy; the liberalisation of the movement of commodities, services, capital and persons. Official application for EU membership of Romania was handed in on 22 June 1995, along with Latvia, Lithuania, Bulgaria, Slovakia and Estonia. In June 1999, Romania have submitted to the national programme for Accession to the European Union, and the European Council in Helsinki decides, in the same year, the opening of accession negotiations with Romania along with the other five candidate countries. Negotiations on the accession of Romania to the European Union were officially launched on 15 February 2000. In December 2003, at the European Council in Brussels, it was determined the timing of accession of Romania to the European Union, which had set for 2004 the completion of negotiations, the signing of the accession treaty in 2005 and effective membership in 2007.

For the period 2007-2013, Romania had scheduled to receive from the EU 31 billion euros through financial instruments: structural and cohesion funds; funds for the development of agriculture and fisheries; the European social fund. For the structural funds and cohesion (FSC), totalling EUR 19.7 billion was assessed a co-financing by the State budget, local budgets or private contribution of about EUR 5 billion. Given the slow pace of absorption of EU funds in the period 2007-2013, Romania has benefited from being able to access and implement projects funded from this financial allocation also in the years 2014-2015. According to the Ministry of European Funds, at September 30, 2016, the total amount of payments to beneficiaries in the European allocation was 15.29 billion euros, i.e., 80, 23%, of which current absorption value was 14.42 billion euros, i.e., 75, 69 %.[2]

The national strategy for Romania's Development includes the national development plan (NDP), in which are presented the strategic objectives, the actions planned and funding sources from the multi-annual perspective. The National Strategic Reference Framework (NSRF) is based on the national development plan and identifies the connection between national priorities and regional and community priority supported by the European Commission. The NSRF specified annual allocation of EU funds on each target, on each instrument and on each operational programme. National Strategic Reference Framework (NSRF) is implemented through operational programmes, drawn up by its objectives "Convergence" and "European Territorial Cooperation". Operational programmes are managed by the Management Authorities and Intermediary Bodies (IB). IB are not mandatory under the institutional

structures for the implementation of operational programmes, being at the discretion of The Management Authorities the option to organize or not the Intermediary Bodies. NSRF includes an overview of the Operational Programmes in the framework of the objective "Convergence".

After the fall of the Communist regime, Romania has received three periods of financial assistance:

- during the period 1992-2006 pre-accession instruments (Poland Hungary Aid for Reconstruction of the Economy-PHARE, Instrument for Structural Policies for pre-accession ISPA and the Special Accession Programme for Agriculture and Rural Development -SAPARD)

- for the period 2007-2013 structural funds of accession

- in the present moment we are in the period of post-accession financial allocation, for 2014-2020.

Between 1992 and 1999, the financial assistance given to Romania amounted to about 1.2 billion euros. In 2000, the European Council decided on doubling funding allocated in order to achieve the objectives proposed in the pre-accession strategy for the applicant countries and the creation of structural instruments for pre-accession. In the period 2000-2003, Romania had attracted 660 million euros each year, through the three pre-accession instruments[3]: PHARE, ISPA and SAPARD. Following the European Commission's proposal to enhance the considerable aid for the candidate countries, starting in 2004, to support them in the completion of the last stages necessary for attaining the criteria for accession, Romania has received additional funding, EU financial assistance for the period 2004-2006, reaching approximately 1.8 billion euros.

Within the framework of the programming period 2007-2013, the main financing programs were Regional Operational Programme, Sectoral Operational Programme for Improve the Economic Competitiveness, Environment 1 Operational Programme, Transport Operational Programme, and Human Resources Development Sectorial Operational Programme, Administrative Capacity Development Operational Programme, National Program for Rural Development, Transnational Programmes.

Regional Operational Programme for the period 2007-2013 had the overall objective of supporting economic and social development of sustainable and balanced territorial Regions of Romania, appropriate to their needs and specific resources by focusing on urban growth poles, improvement of infrastructure and conditions of the business environment to make all regions of Romania more attractive places for investment, visits, residence and employment.[4] The programme's priorities were supporting the sustainable development of cities (infrastructure), improving transport, social infrastructure (health, social services, education, emergency situations), the development of the business environment, sustainable development and promotion of tourism.

The sectoral operational programme for the increase of economic competitiveness (POSCCE), the overall objective is to increase the productivity of the Romanian enterprises for bridging the gap toward productivity average at Union level. The specific objectives of consolidating and developing POSCCE are sustainable productive sector, sustainable development of enterprises, increasing the capacity of research and development (R&D), capitalizing on the potential

of information and communication technology and the increase of energy efficiency and sustainable development of the energy system, by promoting renewable sources of energy.[5]

Environment Operational Programme[6] had the overall objective of bridging the gap between the European Union and Romania concerning environmental infrastructure both in terms of quantity and quality. This should materialise in effective public services, with due regard to the principle of sustainable development and the principle of "the polluter pays". Expanding and upgrading water systems, development of integrated waste management, pollution reduction and the mitigation of the effects of climate change through the rehabilitation of urban heating systems in order to achieve energy efficiency targets, the implementation of the systems for the protection of nature and the implementation of infrastructure to prevent natural risks were the priority axes of the Environment Operational Programme 2007-2013.

The overall objective of Transport is to promote a sustainable transport system, enabling fast, efficient and safety movement of people and goods, with services at a level corresponding to European standards, nationally, within Europe, between and within regions. The Transport Operational Programme's targets are modernisation and development of the TEN-T priority axes for the development of a sustainable transport system and its integration with the EU transport networks, upgrading national infrastructure development and transport outside the TEN-T priority axes for the purpose of creating a national system of sustainable transport (road, rail, air, inland waterway),

and the modernisation of the transport sector in order to increase environmental protection, public health and the safety of the passengers.

HRDOP sets out a systematic approach to training as an integral part of the strategy for the development of human resources, in accordance with EU policies and practices. By promoting the development and implementation of active employment measures, the program follows the development of human capital and competitiveness, correlating education and lifelong learning with the labour market and ensuring greater opportunities for future participation in a market of modern and flexible labour.

European Fund for agriculture and rural development (EAFRD) is a financing tool created by the European Union to support member countries in the implementation of the common agricultural policy. The common agricultural policy regulates the production, processing and marketing of agricultural products in the European Union and attaches great attention to rural development. EAFRD represents an opportunity for rural financing, worth about EUR 7.5 billion since 2007 until 2013. EAFRD is based on the principle of co-financing investment projects. European funds for agriculture can be accessed on the basis of the key document, the National Rural Development Program (NRDP).

## 2. Forecasting of structural funds intended for energy sector

Under the 2007-2013 financial allocation, the Sectoral Operational Programme "Economic Competitiveness" (POS-CCE) is one of the seven instruments (sectoral

operational programmes) for the achievement of the priorities of the National Strategic Reference Framework (CNSR). Framework document of implementation of POS CCE (DCI) contains a detailed description of operations eligible under each of the priority axes (AP), of the major areas of intervention (DMI). DCI defines EU structural funds in the field of economic growth and establishes priorities of Competitiveness and criteria for the selection of applications for funding. Each priority axis is composed of major areas of intervention (DMI) and includes their financing conditions.

The Framework Document of Implementation of POS CCE (DCI) comprises the financial allocation for each area of intervention, the eligible expenditure, beneficiaries, as well as the eligible areas, thus identifying the following priority axes[7]:

- Priority axis 1: Developing of an innovative and eco-efficient production system
- Priority axis 2: Research, technological development and innovation for competitiveness
- Priority axis 3: Information and Communication Technology for public and private sector
- Priority axis 4: increasing energy efficiency and supply security in the context of the fight against climate change
- Priority axis 5: Technical Assistance

Energy efficiency is an important objective at national and European level, as a factor of economic competitiveness. Improving energy efficiency is a priority of the National Energy Strategy and contributes to the achievement of the three major objectives of EU energy policy: competitiveness, security of supply and sustainable development. In this context, within the DMI 1 have supported

projects of investment in plant and equipment for businesses in the industry, which will lead to a reduction in energy consumption. In terms of the infrastructure for transport and distribution of electricity, much of this have far exceeded the duration of operation and recorded significant losses, that increase the need of investments in transmission and distribution networks in order to ensure the safe operation of the National Electricity System (NES). At the same time, the expansion of the transmission and distribution networks allow access and production capacity of renewable energy in NES[8]. The transmission and distribution of natural gas, as well as the transmission of crude oil and petroleum products also requires investments in order to achieve safe transport services and distribution.

Indicative operations financed under Priority Axis 4 - Increasing energy efficiency and supply security in the context of the fight against climate change are supporting investment in plant and equipment for businesses in the industry leading to energy savings, in order to improve energy efficiency, supporting investments in expanding and modernizing the transmission system for the electricity, natural gas and oil, and the distribution networks of electricity and natural gas and the investments in low NO<sub>x</sub> plants burners and filters for Large Combustion Plants.

The activities eligible for support for investment in machinery and equipment for industrial enterprises, in order to improve energy efficiency are[9]:

- investment in specific plant/equipment to enterprises in the industry, in order to obtain a specific energy savings based on energy balance;

- investment in units of high-efficiency cogeneration for industry

enterprises-rehabilitation/modernization of power plants, cogeneration or building new ones;

- Acquisition and preparing the land necessary for the equipment;

- Civil engineering for equipment/installations of the project;

For supporting investments in expanding and modernizing the transmission system for the electricity, natural gas and oil, and the distribution networks of electricity and natural gas, in order to reduce network losses and achieving safe and continuity of service of transport and distribution, eligible activities were:

- Improvement of quality parameters of networks, through investment in power lines, gas pipelines and oil transformation, compression stations, gas-measuring and control stations.

- The extension of the transmission of electricity, natural gas, petroleum, correlated with the modernization of the network's activities;

- Expanding the distribution networks of electricity and natural gas to allow the introduction of electricity in SEN obtained from renewable energy resources;

- Acquisition and fitting equipment/installations affected land;

- Civil engineering for equipment/facilities project.

For investments in installations for flue gas desulphurisation, low NO<sub>x</sub> burners and filters for the IMA group upgraded/retooled, eligible activities set out in the applicant's Guide are:

- Land acquisition and fitting equipment/installations affected by the project;

- Civil engineering for equipment/installations affected by the project;

- Acquisition of flue gas desulphurisation facilities;
- Purchase of a NOx installation facility from power plants;
- Purchase filters for dust reduction.

Major field of intervention for the DMI 2 The Capitalizing of renewable energy for the production of green energy, in the Operation Supporting investments in modernization and the development of new capacity for the production of electricity and heat by harnessing renewable energy resources: the resources of biomass, hydropower, solar, wind, biofuel, geothermal resources, and other renewable energy resources, the projects funded were the type of new capacity for the production of electricity and heat by harnessing renewable resources of energy. The eligible activities under DMI 2 were:

- Acquisition of land for the purpose and location of equipment/facilities;
- building construction and related facilities needed to implement the project;
- Acquisition of equipment, including equipment for monitoring;
- Connection to the National power system downstream of the cut-off point.[10]

The interconnection of national networks of energy results in increased the possibility of integrating energy market from Romania in regional and European markets. Also strengthening the capacity of interconnection allows both reducing congestion, increased the exports in the region and better retrieval of wind sources in the region through the establishment of a regional balancing markets, which has the effect of reducing carbon emissions. The major field of DMI 3-Diversification of Intervention Networks for Interconnection in order to increase energy supply security, which contains the

operation Supporting investments for interconnection of national networks of electricity and natural gas with European networks shall cover the following eligible activities:

- Realization of interconnection capacities in electricity/natural gas pipeline interconnection for the purpose of connecting to energy transport networks of neighbouring countries;
- Implementation of systems of control and data acquisition (SCADA) interconnection capacity/interconnection pipelines;
- Land Purchase and arrange for the equipment/facilities;
- Realization of construction and related facilities.

The financial allocations within the new period 2014-2020, the energy sector benefits also from financing programs, however, this time, the structural instruments are carried out by the Large Infrastructure Operational Programme (LIOP), prepared in accordance with the partnership agreement with 2014-2020 Strategic Framework, and common position Document of the services of the European Commission.[11] The strategy is consistent with the objectives of LIOP Europe 2020 strategy, the National Reform Programme and the country-specific recommendations, targeted sustainable growth by promoting assumed an economy based on low carbon consumption through energy efficiency measures and the promotion of green energy, as well as through the promotion of environmentally friendly modes of transport with the environment and a more efficient use of resources. Funding priorities are established by contributing to the achievement of the objective LIOP general partnership agreement: the infrastructure and Resources

within the sectors of transport, environment, risk management and adaptation to climate change, energy and energy efficiency. In order to achieve the objectives proposed in the framework were established 8 priority axes, including the energy sector benefits from three priority axes namely Priority axis 6-promote clean energy and energy efficiency in order to support an economy with low emissions of carbon. Within this axis are provided for the following purposes:

- 6.1 Increasing energy production from renewable resources less exploited (biomass, biogas, geothermal)
- 6.2 reducing energy consumption at the level of industrial consumers
- 6.3 reduction in average consumption of electricity at the level of housing
- 6.4 the increase in savings in the consumption of primary energy produced through high efficiency cogeneration

Priority axis 7-Increasing energy efficiency at the level of centralized heating system in selected cities, states:

- 7.1. Increasing energy efficiency in centralized systems of transport and distribution of thermal energy in selected cities
- 7.2 Increasing energy efficiency in centralized heat supply in Bucharest

Priority axis 8-smart and sustainable Systems of electricity and natural gas, provides:

- 8.1 national power System capacity Growth for energy produced from renewable resources
- 8.2. increasing interconnection of the national system of natural gas Transportation with neighbouring countries

As financial allocations within the new 2014-2020, the energy sector benefits from the structural instruments through Large Infrastructure Operational Programme receiving a financial allocation OF 11.8 billion Euros, of which[12]:

- 6.94 billion. Euro cohesion fund
- 2.48 Bil. Euro the European Regional Development Fund
- 2.46 billion. Euro Co-financing

In order to achieve the objectives proposed in the framework were established LIOP 8 priority axes, including the energy sector benefits from three priority axes namely:

- Priority axis 6-promote clean energy and energy efficiency in order to support an economy with low emissions of carbon, the sum allocated-197.33 million euros
- Priority axis 7-Increasing energy efficiency at the level of centralized heating system in selected cities, the sum allocated-249.48 million euros
- Priority axis 8-smart and sustainable Systems of electricity and natural gas, the sum allocated-68.02 million euros

### **3. Organization of administrative system of management of the structural funds for energy**

In accordance with the decision of the Government No. 980/2015, The Energy Ministry fulfils duties of the Intermediary Body for Energy(IBE), according to the agreement concluded with the Ministry delegation of EU funds as a management Authority for sectoral operational programme "competitiveness" economic or Large Infrastructure Operational for the establishment of the institutional framework for coordination and



management of the structural funds and the European Investment Bank and for ensuring the continuity of the institutional framework for coordination and management of the structural instruments and of the 2007 – 2013.

Ministry of EU funds-MFE performs duties in the field of coordination and management of EU funds. LIOP is managed by the Department of EU funds as a Management Authority and addresses the needs of development in the following sectors: transport infrastructure, environmental protection, risk management and adaptation to climate change, energy and energy efficiency.

The Managing Authority for Large Infrastructure Operational Programme, part of the Ministry for European Funds, shall draw up a national plan of action, in close liaison with the action plans for the sectoral operational programme for the promotion of interventions in Romania in order to increase economic competitiveness in a coordinated strategy. In addition, the managing authority shall ensure that the beneficiaries fulfil the obligations laid down in the regulations. The authority carried out the contracting projects financed by the structural funds, applications for reimbursement payments, the activity control and programme management.

Intermediary Bodies- IB are those entities that fulfil the duties delegated by The Managing Authority for the purpose of effective implementation of operational programmes, at the central level, and IRB-Intermediary Regional Bodies are intermediate bodies at regional level for the eight development regions (approximately, because, unfortunately, the regions are not falling like ten operational programmes different and sometimes within the same

operational programme). At the level of intermediate bodies it is implemented the programme with its various Axes. At the level of Intermediate Regional Bodies it is carried out the assessment and monitoring of the implementation and post implementation bodies, that are faced with a shortage of personnel, as well as The Management Authorities.

In the process of preparing the institutional framework for coordination, the management and implementation of the community's financial assistance has become necessary for the establishment of an Intermediary Body Energy. Along the years the IBE has worked either in the Ministry of the Economy, or be subordinated to the Ministry of Energy, or the Department of Energy.

#### **4. The coordination and control system of the structural funds for energy**

The Ministry of European Funds cooperate with the institutions from the field of public procurement in order to ensure that an appropriate framework of public procurement procedures are carried out within the framework of projects financed from the structural instruments. The Ministry also cooperate with The Audit Authority in order to ensure permanent conformity and control management systems and specific, and with The Certification Authority for establishing and implementing the measures necessary to achieve an effective and rigorous financial management.

At the level of the IBE, there have been submitted in the period 2011-2014 about 600 projects, of which 146 were contracted, as evidenced by the data of the Ministry of European funds. From the allocation of

approximately 700 million euros, the total amount actually paid and reimbursed up to this point is uncertain, there is a risk of returning the funds reimbursed for projects which will not be completed, which will decrease the absorbing capacity.

The beneficiaries have problems with securing the co-financing, technical problems leading to changes due to the interval between the time of the project and that have been evaluated, contracted and in implementation, which has a potential impact on the amounts reimbursed and the degree of absorption. European project practice shows that there are numerous delays which occur not out of guilt of the beneficiaries, and correction decisions in this regard, rigid and exaggerated from our point of view that can affect the degree of absorption of EU funds.

The Audit Authority of the Court of Accounts of Romania is a national authority which operates independent of the Managing Authority and the Certifying Authority designated by the Member State for each operational programme. It is responsible for verifying the effective functioning of the management and control system. Under the law, it has the following main tasks:

- audit system, sample-based verification and audit;

- checks and external audit over the structural funds that will benefit Romania since 2007;

- verification of eligible expenditure declared, on a representative sample;

- verification of the existence and correctness of the co-financing.

The Fight Against Fraud Department (FAFD), support and coordinate the fulfilment of Romania's obligations concerning the protection of the financial interests of

the European Union, in accordance with article 325 of the Treaty on the functioning of the European Union. In carrying out its functions, the Department performs the following main tasks:

- a) to ensure and facilitate cooperation between national institutions involved in the protection of the financial interests of the European Union in Romania, between them and the European Anti-Fraud Office and the relevant public authorities of the other Member States of the European Union or of States benefiting from financial assistance from the European Union;

- b) perform or coordinate control actions to identify irregularities, fraud and other wrongdoing in connection with the management and use of funds, and of the related co-financing, as well as any other funds which are within the scope of the financial interests of the European Union, including the loans and guarantees granted by the European Investment Bank;

- c) Perform or coordinate control actions to identify irregularities, fraud and other illicit activities that bring the financial interests of the European Union in Romania by reducing illegal of own resources;

- d) collect, analyse and process data and perform statistical research in the field of protection of the financial interests of the European Union in Romania;

- e) Initiates or advises normative acts on the protection of the financial interests of the European Union in Romania;

- f) Develops and coordinates programs of professional training and education in the field of the fight against fraud;

- g) Resolves requests for administrative assistance, as the central unit in accordance with the agreements on international

cooperation aimed at protecting the financial interests of the European Union to which Romania is a party;

h) Coordinates, ensure and monitors reporting irregularities between national institutions and the European Commission, in accordance with the provisions of EU law.

As a rule, at least one of the IB carries out check ON spot during project implementation. In accordance with the provisions of the regulatory acts, the beneficiary is obliged to archive and keep in good condition all documents relating to the project (10 years from the date of the last aid granted under the scheme, but no less than 3 years from the date of the official closing date of the programme) and to provide national authorities with access control and auditing, as well as of the services and of the European Court of Auditors to all documents relating to the project funded. The beneficiary is obliged to grant the right of access to places and spaces in which they are implemented or has been implemented project, including access to computer systems, as well as all documents and computer files relating to technical and financial management of the project.

In the event of these provisions, the beneficiary shall repay the full amount received in respect of the project, representing the non-reimbursable financial assistance.

The beneficiary shall comply with all the recommendations contained in the report of the verification on the spot remained permanently and take all measures to resolve the irregularities within the timescale.

Irregularities are reported to the OIE by various complaints, through follow-up reports, audit reports, via other controls or IB, AM, ACP, EC or other institution with

responsibilities in this area. In the event of suspicion of fraud can take precautionary measures which consist, firstly, in the suspension of financing non-refundable during the research conducted by the IBE. In the event of the detection of irregularities, recovery will be made in accordance with the provisions of ORDINANCE No. 66/2011 on preventing, finding and sanctioning the irregularities appeared in accessing and using EU funds and/or the relevant national public funds.

The control system plays an essential role and critical role at the same time, and if there can be identified solutions that could lead to avoid the failure situations of European projects, as well as the unifying of the procedures and supervisory practices of responsible institutions, Romania would have much to gain

## 5. Conclusions and proposals

The obstacles and deficiencies in the area of absorption of the structural funds for energy system are extremely slow processes of launching calls for proposals, evaluation, contracting, procurement and actual payments, the lack of trained staff and the lack of motivation due to low incomes, the lack of training opportunities, and the lack of training and expertise in the field.

An assessment of the structural instruments in Romania, carried out by the Ministry of Finance, concluded that the number of officials of management "is not sized according to the complexity of the intervention". For a long time, therefore, the evaluation of projects and the situation uncertain regarding secure co-financing, cause many of the beneficiaries at the time of approval of the

contract to quit the signing of the financing contract. The problems that have plagued the activity of the management system of structural funds in the field of energy were:

- a low institutional capacity, so there is not enough staff or lack the necessary powers,
- regulatory issues and public policy still unresolved, particularly for energy,
- a complex legislation and procedures, and cumbersome procurement and financial control.

All these items had the consequence of delays in the evaluation of projects, also in slow progress of implementation and a very high level of likely costs. Simplifying administrative procedure has been made to improve the problems encountered, including the flexibility of financial eligibility, use of payment mechanisms, and procurement procedures. It should be noted that a special effect in unlocking the absorption of the structural funds in the period 2014-2007 had claims for payment mechanism, whereby the beneficiaries had the opportunity to implement projects without compulsory insurance of capital for the cash-flow. Thus, one of the main causes of termination of contracts, the lack of financial resources, was avoided in most of the lines of financing.

The main recommended solutions, and which should have been complied with, including the implementation of the operational programmes for the period from 2014-2020 financial allocation:

- Launch calls for proposals for yet unreleased operations, particularly those with large financial allocations must be made in the shortest time possible.
- Simplification of procedures for the submission and selection.

- Unifying the implementing procedures of the institutions responsible with verification of the projects financed from the structural funds, in order to avoid situations when referring to the same question some institutions may have different views.

- simplify and unify the verification procedures of public procurement.

- improve access to co-financing for beneficiaries, including the creation of tools dedicated to national funds;

- Increase the quality of applications represents a solution to increase absorption. Technical assistance should be used to provide support for both beneficiary's information and advice. Supporting beneficiaries through the provision of technical assistance necessary for the compilation of projects could be a feasible solution, with financing by the axes of the structural funds technical assistance.

- institutional capacity management system and implementation should be increased through the training of personnel, access to specific expertise

- outsourced technical assistance, on as many activities and stages of the implementation process in order to fastening the payments to beneficiaries, by covering the high volume of procedures that can create the blockage at the administrative level;

- payments: the large number of appeals and applications processed will not contribute to the absorption of the funds if they are not coupled with an increase in the level of payments. In this respect, it is necessary to simplify the procedures for checking and approval of payments, pro-active support for beneficiaries, by monitoring at the project level and by estimate the payments to be made;

- consultancy market Regulation in such a way that consultants and experts involved in the process of accessing and implementing European projects should be formed first, and then tested in order to obtain the authorisation required. This would diminish the cases of misleading to beneficiaries, as well as the incidence of poor quality projects.

- Early Warning informational warning mechanism to prevent the type of situations that may lead to the failure of a project (delays in procedures, complaints, delays in activities and reports, etc.). You can deploy within a single system of interlocking projects MYSMIS.

In what it concerns, The Large Infrastructure Operational Programme (LIOP) has been focused on the improvement of cooperation between the departments of programming, providing outsourced

support for AM and beneficiaries for situations requiring specific expertise; applied training and coaching for staff performance; development of a tool for monitoring the level of contract, with intermediate stages and early warning mechanism. Also, on the new period, 2014-2020, there are visible improvements in implementing integrated strategies through the operational programmes, as well as higher standards requirements on the quality of the projects submitted. If the process of submitting and evaluating of the projects will be carried fast enough, the Energy System has a good chance of modernising through structural funds. It seems that the mistakes of the past have been a good lesson for the Authorities, and this time we have a much better structured financing priorities, that represent the chance of covering important needs of the National Energy System in Romania.

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